

**AMERICAN ARBITRATION ASSOCIATION
Arbitration Tribunal**

In the Matter of the Arbitration between
K.A. Holdings LTD. of NY, "CLAIMANT"
and
Hawthorne Mill, LLC, "RESPONDENT"

Case No. 19 115 01201 1

AWARD OF ARBITRATOR

This arbitration was submitted to me pursuant to an arbitration clause contained in paragraph 3(c) of a certain Contract for Purchase of Real Estate ("Contract") dated June 6, 2001, by and between K.A. Holdings LTD. of NY, and Overland Properties, Inc., which contract has been admitted into evidence as Claimant's #1; and an arbitration clause contained in Section 2(b) of a certain Escrow Agreement ("Agreement") dated October 31, 2001, by and between Moore & Van Allen, PLLC, K.A. Holdings LTD. of NY and Hawthorne Mill, LLC which Agreement has been admitted into evidence as Claimant's #2.

The undersigned arbitrator, having been designated in accordance with the arbitration agreements entered into by the parties, aforescribed, and the witnesses having been duly sworn and having duly heard the proofs and allegations of K.A. Holdings LTD. of NY, and Hawthorne Mill, LLC having failed to appear after due notice by mail and facsimile transmission in accordance with the Commercial Arbitration Rules of the American Arbitration Association, hereby, AWARD, as follows:

1. I find that pursuant to the above referenced arbitration clauses, the scope of my authority extends only to issues relating to the Security Fund Deposit established by the Contract and the Agreement.
2. In connection therewith, I find that there has been a breach of both the Contract and the Agreement committed by the Respondent by its "locking out" of the Claimant from a portion of the conveyed premises.
3. Claimant is entitled to return of that portion of the \$50,000.00 Security Fund Deposit, if any, which has been released by Moore & Van Allen, PLLC to Hawthorne Mill, LLC or any other person or entity connected thereto. Said sum shall be returned to and retained by Moore & Van Allen, PLLC, the Escrow Agent, pursuant to the Agreement, subject to the following:
 - a. Respondent, Hawthorne Mill, LLC shall permit Claimant, K.A. Holdings LTD. of NY, immediate access to that portion of the premises in question from which it is currently barred and where Claimant's inventory is currently stored;
 - b. Claimant's post-closing occupancy pursuant to the Contract shall be extended without payment of additional rent up to and through March 30, 2002, and Claimant shall be permitted to remove all such inventory remaining on the premises; and

c. Any inventory left anywhere on the premises after March 30, 2002, shall be deemed abandoned by Claimant and may be disposed of by Respondent in a method and manner of its choosing with no further liability therefor.

4. The \$50,000.00 Security Fund Deposit which, pursuant to this Award, is to be returned to and restored to the possession of Moore & Van Allen, PLLC, as Escrow Agent, and shall be held by the Escrow Agent pursuant to the October 31, 2001, Escrow Agreement, with the exception of Claimant's rights of occupancy until March 30, 2002, but shall in all other aspects remain in full force and effect and shall be binding on all parties.

5. The administrative fees of the American Arbitration Association totaling \$11,400.00 shall be borne by Claimant. Therefore, the Claimant shall pay the American Arbitration Association \$1,250.00 for fees still due and owing.

6. The arbitrator's compensation totaling \$1,600.00 shall be borne by the Claimant.

This AWARD is in full settlement of all claims and counterclaims, if any, submitted to this arbitration.


February 27, 2002
Date


Robert H. Beck

State of New York)
)ss.:
County of Westchester)

I, Robert H. Beck, do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument which is my Award.

February 27, 2002
Date


Robert H. Beck